



BRIEFING SCRIPT PRESENTED AT THE

PRE-PROPOSAL CONFERENCE

FOR RFP NO. F.I.-1-R-01,

FORD ISLAND MASTER DEVELOPMENT

AGREEMENT

May 8, 2001

DFAS, Bldg. 77, Ford Island

SLIDE 1 PRE-PROPOSAL CONFERENCE

Good morning. My name is LCDR Mike Molnar. As the lead of the Pacific Division Naval Facilities Engineering Command's Ford Island Team, I feel very honored to be your speaker/facilitator for today's Pre-Proposal Conference.

I would now like to introduce Mr. Stanford Yuen, Navy Region Hawaii.

SLIDE 2 WELCOMING REMARKS – RADM CONWAY

[Introduction by Stan Yuen]

[Welcoming remarks by RADM Conway]

SLIDE 3 AERIAL PICTURE OF PEARL HARBOR

[Overview by RADM Conway]

[Introduction of RADM Kubic by Stan Yuen]

SLIDE 4 WELCOMING REMARKS – RADM KUBIC

Aloha. Thank you all for coming to this pre-proposal conference for the Ford Island Master Development Agreement Request for Proposals. I can't tell you how much it pleases me to see all of you here.

The Navy's objectives to develop Ford Island are to replace deteriorated buildings, reduce congestion at mainside Pearl Harbor and improve quality of service for our sailors. I believe we have packaged this RFP to meet not only the Navy's needs but also provides the maximum opportunity to industry for profit initiatives and provides economic growth for the State of Hawaii, local businesses and the local residents. All together, a Win-Win situation for all.

This Master Development Agreement RFP is a unique concept, in essence it blazes a trail for us, in that it combines a Master Development Plan, Real Estate transactions either through Sale or Lease, and In-kind Consideration for Property Support Services and Construction. This, through the successful partnership with a Master Developer or Master Developer Team, will enable the Navy to meet our objectives.

PACDIV is designated as the Navy's Engineers for Shore Installations in the Pacific and Indian Oceans. We do about one Billion dollars annually in Planning,

Design, Construction, Transportation, Housing, and Base Services. I have on my staff Engineers, Architects, Planners, Real Estate and Contract Specialists. I formulated a Team made up of these Professionals to put together this RFP. We have overcome many challenges and delays and I am pleased to see you are all still extremely interested in our project. Please take advantage of this opportunity to introduce yourselves to my staff. We solicit your comments. I thank you again for your attendance. I am looking forward to receiving proposals in response to this RFP on July 3rd. Now, I will turn this over to LCDR Mike Molnar.

SLIDE 5 PRE-PROPOSAL CONFERENCE AGENDA

[LCDR Molnar] Thank you Admiral Kubic.

Today's briefing will be read to ensure that we transmit thorough information, and because we will post the script for all those who not could not attend. We'll answer any questions we can, but we also ask that you write them down, so that we can properly answer them and post the answers for all.

This is our Agenda for today's Conference.

I would now like to introduce Linda Yoneshige a Contracting Officer from the PACDIV Acquisition Department.

[Linda Yoneshige] Thank you Mike. Good morning. As Mike mentioned, my name is Linda Yoneshige and I am a Contracting Officer for the Pacific Division, Naval Facilities Engineering Command or as we call it, PACDIV. I have the authority to enter into and administer Architect-Engineering, Construction and Services contracts; both fixed price and cost reimbursement. My role in this procurement is to administer the Master Development Plan contracts we award as a result of Phase I evaluations. Later you will be hearing from Mike Kilian who is also a Contracting Officer at PACDIV. He has the authority to enter into and administer Real Property Agreements or Real Estate transactions. His role in this procurement is to administer the Master Development Agreement that will be executed between the Navy and the best value Master Developer selected as a result of Phase II proposal evaluations and successful negotiations. One of the reasons this RFP is so unique and innovative is that we, for the first time at PACDIV, are combining all the authorities available under a Federal Acquisition Regulation contract or what is under my authority, with a Real Estate transaction or what is under Mike's authority. Today, I believe you will better understand how we have integrated all the pieces of this RFP. Before I get started, let's review your packet of materials you should have received when you signed in this morning. In your packet, you should have on the left side: Today's Agenda, Question Forms, Note Pages, site visit maps, and a list of internet website address. On the right side, you should have presentation slides. One set of slides is the presentation we are presenting now. The other set of slides are of various buildings, maps and properties. We are not briefing on this today as the information was either presented earlier at the

Preliminary Information Meeting or is available through the RFP or at the COMNAVREGHI and PACDIV websites. Also, if you would like to visit a property site later, please send your request via email to the PACDIV Ford Island email address. Is everything in your packet? Then, let's begin.

SLIDE 6 PRE-PROPOSAL CONFERENCE OBJECTIVES

The objectives of this pre-proposal conference are to:

- Introduce you to the Navy Team;
- Improve your understanding of our RFP, our Procedures and our Processes;
- To acquaint you with the property sites; and,
- To give you the opportunity to meet with other interested parties

SLIDE 7 FULL AND OPEN COMMUNICATION

It is the Navy's policy to promote full and open communication to industry to:

- Provide a better understanding of the procurement process;
- Provide a better understanding of the Navy's requirements in order to receive complete and best proposals;
- Provide feedback for Industry to improve proposals in future acquisitions; and,
- Receive comments from industry in order to incorporate commercial practices and improvements to the Navy's requirements. It is also the Navy's policy to ensure that every citizen can have complete confidence in the integrity of the Federal Government and specifically as it relates to the Federal procurement process.

SLIDE 8 RULES OF CONFERENCE/RFP

With that said, let me go over the rules of conduct for this Pre-Proposal Conference and for this RFP:

First of all, the terms and conditions of the solicitation remain unchanged unless the solicitation is amended in writing.

Second, there are forms in your packet you can use to formulate your Questions and drop in the Question's Box located on the Registration Table. Although we can entertain questions verbally from you, the responses are not official and should not be considered in preparing your proposal unless those questions are submitted and responses are provided in writing. This also holds true for any conversations here or discussions held at the Site Visits. In addition, I also encourage you to hold your questions until the speaker is done as he or she may be covering it later in their presentation.

Third, all materials distributed here will be made available to all interested parties via the PACDIV website. I apologize in advance for reading off of this script, however, we also plan on including this on the PACDIV website for interested parties who were unable to attend this Conference.

Fourth, during this RFP process, telephone inquiries from prospective Master Developers are not discouraged. However, in order to ensure information that may be pertinent for proposal preparation is disseminated to all, telephone inquiries for RFP clarification or requests for information shall be referred to our website to submit questions in writing using the Question Form and emailing it to the Ford Island email address. All questions and responses shall be posted on the Internet through the Electronic Solicitation On Line or ESOL website.

Fifth, during this RFP process, one-on-one meetings with prospective Master Developers are not being entertained at this time but may be in the future. At that time, in order to preclude any appearance of a conflict of interest or any unfair competitive advantage to any one developer, all meeting requests shall be coordinated with the Contracting Officer. If, during the meeting, any information either provided by the Master Developer or the Navy is deemed pertinent as proposal information, the RFP shall be Amended and disseminated to those on the Planholder's List. This excludes any information that would reveal the potential developer's confidential business strategy or would be protected under FAR 3.104, Procurement Integrity, or Subpart 24.2, Freedom of Information Act.

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RFP OUTLINE

To give you a recap of what has transpired so far: A Preliminary Information Meeting was held in September 2000 and over 150 people attended; information regarding that meeting can be found at the PACDIV website. The RFP was synopsisized in the Commerce Business Daily on March 30, 2001 and the RFP was issued electronically through ESOL on April 17, 2001. This is an unrestricted procurement.

We have shaped our Request for Proposals for the Ford Island Master Development Agreement in seven parts as shown.

- Part I, Development Objectives, Considerations and Process
- Part II, Request for Proposals - Phase I
- Part III, Request for Proposals - Phase II
- Part IV, Master Development Agreement Components
- Part V, Technical Requirements
- Part VI, Annexes
- Part VII, Attachments

Now I will cover Parts I and II

SLIDE 10

PART I, DEVELOPMENT OBJECTIVES, CONSIDERATIONS

Part I, Section A, outlines the Navy's objectives and considerations in developing Ford Island.

Specifically, 10 U.S.C. 2814, Ford Island Legislation that authorizes this endeavor, is addressed in Section I.A.2. In Sections I.A.3 through I.A.6, we point out several considerations you need to be aware of and comply with, e.g., Historic Preservation, National Environmental Policy Act, Environmental Clean-Up and Safety, and Operations, Security and Anti-Terrorism Force Protection. A draft Programmatic Environmental Impact Statement (PEIS) is currently in process by the Navy to be followed by a Record of Decision (ROD). As stated in the RFP, any execution of a MDA is contingent upon the completion of the PEIS and the execution of the ROD approving the development of Ford Island. Award is also contingent on the satisfactory completion of consultations under the National Historic Preservation Act and the Endangered Species Act. If these contingencies cannot be removed, the solicitation will be cancelled; and accordingly those firms participating in this solicitation do so entirely at your own risk.

Also, please note, additional data, such as; Maps, Photos, Inventory, etc. are available on ESOL as separate files under the RFP.

SLIDE 11

PART I, TWO-PHASE COMPETITION

Part I, Section B, outlines the MDA objective, concept and components. The MDA Components which are the Ford Island Master Development Plan, the In-Kind Consideration for Property Support Services and Construction, Real Estate Agreements and Project Labor Provisions are addressed in depth in Annexes A through E and other parts of the RFP and will be covered later in this presentation.

As identified in Section I.B.2, there will be two phases to the Source Selection Process, each with its own proposal Submissions and Evaluation criteria. Please note, Phase I of the acquisition is governed by the Federal Acquisition Regulation (FAR). Phase II is a non-FAR process, although certain provisions have been used for administrative purposes or to comply with statute. You will be responsible for compliance with all FAR provisions or clauses specified in the RFP. A website address is provided in the RFP and also on the PACDIV website so that you may view or download the provisions and clauses in full text.

Phase I submittals, consisting of written proposals, will be evaluated to select Master Developers judged Most Qualified. Each Master Developer selected to proceed to Phase II (maximum of three), will be awarded a \$325,000 FAR contract to provide, as

part of their Phase II submittals, a Master Development Plan. This is the contract I will be awarding and administering.

Phase II submittals, consisting of written proposals, will be evaluated against the criteria set forth, to execute a MDA with the Developer who provides the Best Value to the Navy. "Best value" to the Navy considers financial benefits to the Navy, technical merit, and feasibility of the proposals received. As specified in Section I.B.3 of the RFP, Basis for Source Selection, "Best value" balances the financial consideration offered, technical merits and risks of the proposal to determine the most advantageous offer to the Navy that provides the Navy the best opportunity to realize its goal of the development of Ford Island.

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PART II, PHASE I SUBMISSION REQUIREMENTS

Part II of the RFP outlines Phase I Submission Requirements and Selection Criteria. In Section A of Part II, we outline the number of copies you need to submit (original + 5), the media (paper and electronic), the page limitations (50 for Conceptual Business Plan and 50 pages for Volume II), the method used to count pages, one-sided printing, font sizes, and the number of volumes (2) in three inch binders. The RFP instructs you to provide in Volume I: data to support Financial Capability, Conceptual Business Plan, Completed Representations and Certification, and an unbound completed (Blocks 7, 19A, 19B and 19C) Standard Form 26. Volume II should include the Ford Island Concept Plan and data to support Development Experience and Past Performance. We also provide you the due date and time for Phase I proposal submission, the mailing or hand delivery addresses, and instructions on how to label your envelope. Telegraphic, email, or fax proposals will not be considered, however, proposals may be modified or withdrawn by written, telegraphic, email or fax notice.

Also in Section A, we address your exact submittal requirements for Phase I by Factor, as shown in the next few slides:

SLIDE 13

PART II - FINANCIAL CAPABILITY

1. Master Developers shall provide a statement of program ownership identifying the principals who will participate in the proposed development and the extent of each principal's interest in the development and associated liability.

2. Master Developers shall demonstrate that the development entity has the financial capability to carry out a project of this magnitude. Furnish certified financial statements for the last three years for the Master Developer and, if the Master Developer is a joint venture or teaming arrangement, for each corporation, partnership, or co-venturer member of the joint venture/team. Financial statements must include the accountant's letter, balance sheet, income statement, statement of retained earnings, changes in stockholder's equity, statement of cash flows, and accompanying footnotes

to the statements issued by an independent certified accounting firm. Provide the Dun & Bradstreet number (DUNS) for each company participating in the venture.

If the Master Developer plans to rely on financial support from other sources, identify the source (e.g. institutional investors, partnerships, lines of credit etc.), include the proposed lender(s) as part of the Master Developer Team, and provide a statement affirming its commitment to the project. For joint ventures/teaming arrangements, discuss the financial responsibilities among the participants. If the Master Developer intends for Navy to consider the financial strength of a parent corporation, provide a copy of the corporate guaranty agreement specific to the proposal and the financial statements of the parent corporation.

3. Provide any additional information concerning the financial condition of the lead firm, or other member firms of the Master Developer Team, which may assist the Navy in evaluating the financial health of the Master Developer.

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PART II - CONCEPTUAL BUSINESS PLAN

The Master Developer shall submit a conceptual Business Plan addressing the following items:

1. Commercial Ventures

The conceptual business plan shall show that the Master Developer's proposed commercial ventures on Ford Island (including the Halawa Landing parcel) are financially feasible. It shall consist of a concise narrative describing the underlying concept of the proposed commercial venture, the proposed lease agreement, a preliminary business analysis of market and economic factors affecting the proposal, and a description of the financial resources needed to ensure success and Master Developer's plan for obtaining these resources.

2. Outlying Property Concepts

The conceptual business plans for outlying properties shall address each outlying property offered by the Navy for sale or lease that the Master Developer intends to develop. Each of these plans shall explain how the proposed future development will be compatible with the surrounding community and existing environment.

SLIDE 15

PART II - FORD ISLAND CONCEPT PLAN

The Master Developer shall submit a conceptual Master Development Plan for Ford Island, which shows locations for both future Navy facilities and future commercial developments to be undertaken by the Master Developer, taking into account existing Navy housing and operational areas and important historic features. Navy's proposed

land use plan is provided as Attachment 1 of the RFP. This plan is schematic only, and Master Developers are free to adjust boundaries or propose alternative site locations in response to this RFP.

Navy development requirements and design guidelines are discussed in Annex A, proposed contract for a Ford Island Master Development Plan. Although the Annex A requirements will not be fully implemented until Phase II, the requirements shall be considered in development of the Phase I concept.

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PART II - DEVELOPMENT EXPERIENCE AND PAST PERFORMANCE

The Master Developer shall submit previous development experience information for both the Master Developer and the Master Developer Team. Experience of a joint venture member may be attributed to the joint venture to satisfy this requirement. All required experience shall be documented in the written submission; however, the Master Developer may also supplement the written submission with a video, VHS compatible, showing representative projects. Any such video shall not exceed 20 minutes in length. Submission requirements under this factor include: Project Experience, Organizational Experience, Past Performance on Projects, and Commitment to Small Business. Specific requirements are detailed in the RFP.

SLIDE 17

PART II - PHASE I SELECTION CRITERIA

The Phase I selection criteria is articulated in three separate evaluation factors listed in descending order of importance:

Factor 1 Financial Capability and Conceptual Business Plan, Factor 2 Ford Island Concept Plan and Factor 3 Development Experience and Past Performance.

SLIDE 18

PART II - FINANCIAL CAPABILITY AND CONCEPTUAL BUSINESS PLAN (FACTOR 1)

This factor considers the financial strength of the Master Developer to enable them to develop and complete the program. Master Developers will be evaluated to ensure that they have the financial capacity to perform given the magnitude of the effort. Letters of credit, intent from financial institutions, and/or financial data will be reviewed to establish credible expectations regarding financial capacity.

An evaluation will be made to determine the degree of the Master Developer's financial strength, overall stability and working capital capabilities. Master Developer's financial condition shall be sound as determined by conventional analysis of the financial statement submittals.

This factor also considers the financial feasibility of the proposed commercial ventures on Ford Island (including the Halawa Landing parcel). This evaluation will include the underlying concept of the proposed commercial venture, the proposed lease agreement, the preliminary business analysis of market and economic factors affecting the proposal, and the financial resources needed to ensure success.

SLIDE 19

PART II - FORD ISLAND CONCEPT PLAN (FACTOR 2)

This factor considers the Master Developer's conceptual Ford Island Master Development Plan. The Navy will prefer a plan which is compatible with the draft PEIS and which does not create additional significant adverse impact on the environment. Drawings and written materials describing proposed buildings and structures shall demonstrate they are designed to be compatible with the adjacent Navy and community environment. The design of site and facilities development shall provide architectural features suitable for the existing historic military airfield community environment on Ford Island.

SLIDE 20

PART II - DEVELOPMENT EXPERIENCE AND PAST PERFORMANCE (FACTOR 3)

This factor considers the development experience of both the Master Developer and the Master Developer Team.

Specific project experience and organizational experience will be evaluated in terms of how well the Master Developer and the Master Developer Team is suited to undertake the Ford Island development successfully.

This factor also considers past performance history of the Master Developer and Master Developer Team members considering quality, timeliness, cost control, business relationships and customer satisfaction on projects identified by the Master Developer for development experience. Also considered, under Past Performance, will be the Master Developer's and Master Developer Team members' successful and accurate application of The Secretary of the Interior's Standards for the Treatment of Historic Properties in projects related to the rehabilitation of buildings listed on the National Register of Historic Places and/or new construction in a historic district or setting. Successful and accurate application of The Secretary's Standards will be measured based on awards/commendations received for the projects from nationally recognized preservation societies or organizations; projects certified by the National Park Service for Rehabilitation Tax Credit; projects certified or approved by a State Historic Preservation Officer as being in conformance with The Secretary's Standards.

The evaluation will be based on past performance information obtained by the Navy through information in the Master Developer's proposal, written questionnaires, past and present customers, telephone interviews, other Government agencies, current

and former subcontractors, performance evaluations contained in CPARS and any other source deemed necessary by the Navy.

This factor also considers the Master Developer's past utilization of Small Business concerns, Small Disadvantaged Business concerns, Women-Owned Small Business concerns, Historically Underutilized Business Zone Small Business concerns, Veteran-Owned Small Business concerns and Historically Black College and Universities/Minority Institutions in previous contracts.

Any questions, if not, I think you will agree this is a great time for a Break. When you return in 15 minutes, Mike Kilian will go over Phase II.

SLIDE 21

PART III - RFP PHASE II

Good Morning. I am Mike Kilian, Head of PACDIV Real Estate. I am going to take you through Parts III, IV, V and VI of the RFP. Although the information contained in these Parts is important to consider while preparing your Phase I proposals, most will not require any specific action on your part until Phase II of the proposal process. As such, much of my presentation will be summary in nature.

As a result of Phase I evaluations, the most highly qualified Master Developers, up to a maximum of three, will be invited to submit Phase II proposals. Each Master Developer requested to submit a Phase II proposal will also be awarded a contract to prepare and deliver a Master Development Plan. This contract will be covered later during my discussion of RFP Annex A.

In the following slides, I will discuss proposal submission requirements, including the Navy's conceptual example, and selection criteria, including evaluation factors and the basis for a best value source selection.

SLIDE 22

PART III - RFP PHASE II SUBMISSION

Phase II proposals will consist of six volumes.

Volume I is the Lease Financial Proposal and Business Plan, covering Consideration to Navy and Business/Financial Feasibility. I will now cover the contents of Volume I in depth.

Information addressing Consideration to the Navy will be in four proposal sections; (i) Type of Real Estate Transaction, (ii) Property Offer Sheets, (iii) In-kind Consideration and (iv) Commercial Ventures on Ford Island. Government-provided submission Forms D-1 through D-8, shall be utilized, and supporting narrative explanations provided. A Proposal Value Summary form shall also be included.

Consideration values are to be reduced to Net Present Value (NPV) as of January 1, 2002 using a discount rate of 7 percent. The proposal shall also include a completed Schedule of Prices for In-kind Property Support Services as specified in Annex B.

The Master Developer's proposal shall comply with one of three real estate transaction alternatives. The first is a value-for-value real estate transaction proposal for the purchase or lease of all available properties. Master Developers submitting this type of transaction must submit proposals that address value of the properties to be purchased or leased, and value of in-kind construction and services to be provided. The second transaction alternative is to purchase or lease some but not all of the available properties, and to become the Navy's "Ford Island Development Manager". Under this alternative, in kind consideration projects must be proposed that total no less than \$65 million in value. The third, and final alternative is to make cash payment to the Navy for deposit in the Ford Island Improvement Account for the purchase or lease of all of the available properties.

It is desirable that offers be made to purchase or lease all properties. To the extent that the overall value of proposals may be equal, Navy will give first preference to offers to acquire or lease all properties offered and which provide in kind consideration for all value resulting from these transactions. The Navy's second preference will be for offers to acquire or lease some but not all properties and become the Navy's "Ford Island Development Manager", responsible for marketing the remaining properties on behalf of the Navy. The third preference is for an offer to pay cash for all properties. Such cash payments would be deposited into the Ford Island Improvement Account.

Master Developers must submit Offer Sheets, Forms D-1 through D-5, for each property proposed for purchase or lease. The listed Rough Order of Magnitude Placeholder Amount is the midpoint in the range of values determined by Navy studies for each property in its current condition, set forth as the estimated NPV as of January 1, 2002, based upon Navy appraisals conducted in August 2000. Additional contract appraisal work is underway to refine these appraisals. This information should be available to Navy by the end of May and Navy will then decide if any adjustments are needed to the RFP's Rough Order of Magnitude amounts. The Offer Sheets contain a schedule for delivery of consideration keyed to various future dates after award of the Master Development Agreement.

The Master Developer shall submit in-kind consideration information consistent with the type of real estate transaction proposed. RFP Attachment 2 provides a prioritized listing and description of in-kind improvement projects together with a Navy "Design/Build to Budget" cost estimate. The Navy desires Master Developer's cost proposals to be equal to or less than Navy's "Design/Build to Budget" estimates. However, proposals that exceed Navy's "Design/Build to Budget" estimate for an individual project may be acceptable if the Master Developer demonstrates that the additional cost provides corresponding additional value to the Navy.

Proposals for Ford Island commercial development, including historic visitor attractions, must identify all proposed lease terms, including rent to be paid during the initial construction of facilities, and subsequent rent and possible profit sharing during operations.

For Ford Island lease proposals, and for any redevelopment proposal at Iroquois Point, the Master Developer shall demonstrate Business/Financial Feasibility in a Business Plan that specifies all of the major elements necessary to implement the development proposal, to a level of detail appropriate for preliminary funding commitments. The Business Plan should include a Commercial Ventures Business Plan covering the development schedule; conceptual construction cost estimates; financial projections; a financial pro forma; market and financial feasibility analysis; financing strategy and preliminary commitments; and a marketing and leasing plan. The Business Plan should also include a Visitor Attraction Plan for Ford Island and Halawa Landing; and a Housing Operating, Management and Maintenance Plan for Iroquois Point/Puuloa for use of that leased property until redevelopment occurs.

I realize that was a long and detailed discussion, but we felt the requirements for Volume I needed to be dealt with in detail. I will now summarize the contents of Volumes II through VI.

Volume II of the proposal shall provide adequate disclosure to demonstrate sufficient financial strength to enable the Master Developer or Master Developer Team to complete the Master Development Agreement as proposed.

Volume III shall contain a complete Master Development Plan for Ford Island and outlying properties, as specified in the Annex A contract.

Volume IV shall contain the Master Developer's proposed technical specifications for property support services to be provided as in-kind consideration, as well as past performance and staffing information.

Volume V shall contain required submittals, including floor plans and elevations, for construction projects to be provided as in-kind consideration. The volume must also include information on past performance, key personnel and management approach.

Volume VI shall contain information pertaining to utilization of small business.

SLIDE 23

PART III NAVY CONCEPTUAL EXAMPLE

I will now discuss the Navy's conceptual Ford Island development program. This is delineated in RFP Attachment 2 and the forms included as Attachments 27 through 35, where the conceptual program is presented in details identical to the format to be used by the Master Developer's in preparing its proposal.

This example is based on the Rough Order of Magnitude property values. Payment of these values has been spread over time to coincide with the Navy's contemplated development schedule, and includes time value of money.

The Navy's concept includes six in-kind consideration construction projects, ten years of in-kind consideration property support services, and three years of maintenance following completion of each facility provided as in-kind consideration construction. The Navy concept also contemplates three scheduled payments of 5 Million dollars each to be deposited in the Ford Island Improvement Account in 2003, 2007 and 2011. These cash payments are needed to pay Navy project support costs during this period. Any residual property values are swept into an In-Kind/In-Cash pool available for future construction or services.

The Navy example is merely one view of the Ford Island development program. It is provided for illustrative purposes. Master Developers are free to delineate their own approaches.

SLIDE 24

PART III PHASE II EVALUATION FACTORS

Phase II proposals will be evaluated using four evaluation factors, listed here in descending order of importance.

The most important factor, Financial Benefits and Pricing Considerations includes Consideration to Navy, Business/Financial Feasibility and Financial Capability.

Consideration to the Navy will be evaluated in two ways. First, any offered consideration must not be less than the fair market value of leased or conveyed properties. This is required by the Ford Island enabling legislation. Secondly, Consideration to the Navy will also be evaluated in terms of relative merit with other proposals. This evaluation will use the net present value of all proposed consideration, as of January 1st, 2002, using a 7% discount rate. Included in this portion of the evaluation will be the type of real estate transaction; real property values; and in-kind construction and property support services cost estimates and prices.

Business/Financial Feasibility will examine the market strength and realism of business plan financial projections; the visitor attraction plan; and the housing operating, management and maintenance plan.

Financial Capability will evaluate the financial strength of the Master Developer or Development Team.

The second factor, the Ford Island Master Development Plan, will be evaluated in terms of overall site plan; proposed development; design theme; other visitor attractions; amenities, phasing, maintenance services; and security.

The third factor will evaluate proposed technical specifications and past performance information for in-kind property support services; and design submittals, past performance, key personnel and management approach for in-kind consideration construction.

The final factor will evaluate the Master Developer's planned utilization of small business concerns on this project.

SLIDE 25

PART III BEST VALUE ANALYSIS

As a result of Phase II proposal evaluations, the Master Developer which Navy determines to have offered Best Value to the Navy will be selected to proceed into exclusive negotiations with the intent of reaching a Master Development Agreement. This slide provides an explanation of the "Best Value" criteria with regard to this RFP.

SLIDE 26

PART IV MDA COMPONENTS

Part IV of the RFP discusses the components of the Master Development Agreement shown on this slide. The master development plan, in-kind consideration property support services, in-kind consideration construction, labor provisions, as well as the MDA itself, will be dealt with in detail in subsequent slides concerning the RFP Annexes.

All activities on leased properties, including, but not limited to, construction, operations, maintenance, repairs, and alterations, shall be conducted in accordance with applicable Federal, State, and local laws and regulations pertaining to the environment.

I will now discuss the various properties and the potential real estate agreements pertaining to each.

SLIDE 27

PART IV, PROPERTY AT WAIKELE

The former Naval Magazine at Waikale totals approximately 515 acres, divided into two parcels, W-1, the Bluff, and W-2, the Gulch.

The Bluff Area, has the greatest development potential. It's 56 acres are situated on a plateau adjacent to the existing Waikale residential area. This area once served as the headquarters and housing area for personnel stationed at the magazine and currently contains a vacant three-story barracks building and several small support

structures. Access and utilities to the plateau site are from the existing Waikele development.

Much of the Gulch Parcel, of approximately 459 acres, is unusable steep hillside or stream floodplain. It also contains 120 abandoned munitions tunnels penetrating the valley walls of Kipapa and Waikele gulches. The tunnels are available for future use, and approximately 93 acres of valley floor are out of the floodway and potentially available for appropriate uses. The typical tunnel is approximately 16 feet wide, 12 feet high and 240 feet deep. The primary access to the valley floor is from a road connecting to Waipahu Street at the Southern end of the property.

Since the Navy has no further mission requirement for this property, it is offered for sale on an unconditional basis, subject to any limitations on use related to environmental cleanup factors. The projected dates for completion of the environmental cleanup and the issuance of a Finding of Suitability to Transfer for the Bluff Parcel is September 2003, and for the Gulch Parcel is September 2005. Soon after each of these respective dates and upon specific request by the Master Developer, the Navy shall execute a quitclaim deed to the Master Developer for each requested conveyance.

As an alternative to conveyance of title at these times, proposals may be submitted for 65-year leases in furtherance of conveyance for either or both parcels. Such leases will include a Navy commitment to convey title at such date in the future, after the environmental cleanup has been completed, as determined by the lessee. The financial terms and consideration delivery schedule for such proposals must compare favorably to the financial terms and consideration delivery schedule for proposals which otherwise might be made for direct fee title conveyance.

SLIDE 28

PART IV, PROPERTY AT BARBERS POINT

The Barbers Point property consists of approximately 695 acres, and is subdivided into four parcels: B-1 (approximately 33 acres) depicts the Orion/Orion Park housing areas, Parcel B-2 (approximately 44 acres) shows the Makai housing area, Parcel B-3 (approximately 36 acres) describes the horse stables area, and Parcel B-4 shows the remaining areas at Barbers Point (approximately 582 acres). The Orion/Orion Park property (Parcel B-1) is comprised of the Orion housing area (approximately 16.4 acres) and Orion Park housing area (approximately 16.4 acres).

All parcels are offered for eventual sale, with interim use being made available under long-term leases in furtherance of conveyance. These leases would be for 65 years with a commitment by the Navy to transfer fee title ownership to the lessee at agreed dates in the future. Two factors affect when title may be transferred for Parcels B-1, B-2 and B-4: (i) the Navy's time requirement to complete any environmental restoration that may be required; and (ii) the lessee's preferred title transfer date for particular parcels based on the developer's plan and timeline for any new development. The Master Developer may propose a date certain for conveyance of fee title.

An environmental baseline survey and CERCLA site inspection are currently underway. Findings of Suitability to Lease [FOSLs] are scheduled to be completed prior to the award of the Master Development Agreement. The projected date for Navy completion of all required environmental restoration and the issuance of a Finding of Suitability to Transfer (FOST) all four parcels is September 2005. Therefore, Navy is expected to be able to legally convey title to these properties in October 2005. In the interim period, the properties may be made available for use under Leases in Furtherance of Conveyance.

There are currently 548 family housing units on the Barbers Point property. All 548 units will be divested through leases in furtherance of conveyance under the Master Development Agreement. In 2001, the Navy initiated a plan to discontinue the assignment of Navy families to these units with the objective of having all units vacant by the time that they are transferred to the Developer. Accordingly, upon execution of the lease all 548 housing units will be available to the Master Developer for use as private rental housing or for other purposes.

The Barbers Point Golf Course is a regulation 18-hole course that will continued to be owned and operated by the Navy for use by military and other authorized personnel as a Morale Welfare and Recreation (MWR) facility. The Navy will continue to afford priority use to active and retired military and their dependents. However, civilians may apply for access to the course with priority afforded those who live on the former Barbers Point property. In Parcel B-4, there are 52-acres of undeveloped Navy land within and adjacent to the golf course that could be used for housing with golf course frontage. Realignment of some of the golf course fairways by the Master Developer with approval of but at no cost to the Navy could enhance those opportunities.

Parcel B-3 is a 36-acre area currently used by the Navy as a MWR recreational horse stable facility situated adjacent to the Navy golf course. This parcel has golf course fairway frontage and the developer may desire to redevelop the property for residential purposes in connection with the golf course residential development. However, the current horse stables operation is an important recreation facility for both the Navy and the other military services. Potential Master Developers shall indicate whether they are interested in acquiring fee title to Parcel B-3. If the selected Master Developer is not interested, then Parcel B-3 will be retained by Navy and continue to be operated as a MWR recreation facility. If interested, a Master Developer shall submit a purchase offer for this property. Parcel B-3 will be available for use by the Master Developer only after Navy has relocated the existing horse stables operation to another site on Navy land elsewhere on Oahu. The Navy will complete this relocation not later than September 30, 2005, after which Parcel B-3 would be added to the lease in furtherance of conveyance or fee title would be conveyed.

SLIDE 29

PART IV, PROPERTY AT IROQUOIS POINT/PUULOA

This property consists of approximately 390 acres. The property consists of two separate but adjacent Navy family housing areas known as the Iroquois Point housing area of approximately 347 acres, and the Puuloa housing area consisting of approximately 43 acres.

The property has been subdivided into the following parcels: IP-1, approximately 142 acres, contains 543 housing units situated north of the lagoons; Parcel IP-2, approximately 8.5 acres, covers the inner lagoon area; Parcel IP-3, approximately 22.3 acres, describes the outer lagoon area; Parcel IP-4, approximately 1.9 acres, depicts the land area upon which the existing marina services building is located, together with a site for possible future additional marina support facilities; Parcel IP-5, approximately 167 acres, contains 570 housing units, mostly situated south of the lagoons; Parcel IP-6, (approximately 5 acres, describes an area restricted to passive use by the Developer to provide a security buffer for the Pearl Harbor channel entrance; and Parcel IP-7, approximately 2.7 acres, shows the Navy passenger ferry landing and parking area which is to be retained by the Navy.

The Iroquois Point housing area lies at the western entrance to Pearl Harbor. The housing was constructed in 1960. A salt-water inlet that contains a small military use-only marina bisects the property. Boats moored at the marina have access to the Pacific Ocean by way of the Pearl Harbor entrance channel. The south shore has a white sand beach with views of Honolulu and Diamond Head.

The Puuloa housing area is a contiguous smaller complex built in 1975. The Iroquois Point Elementary School, a public school on State land, is located between the two housing areas and is an integral part of the housing community.

All 1,463 units will be divested through a lease under the Master Development Agreement with a certain retained Navy interest in the property for specified periods. Because of the location of this property at the Pearl Harbor channel entrance, the Navy intends to retain fee title to the land. Accordingly, the property is being offered for lease only, for a term of 65 years to be used initially as rental housing with a preferential rental interest retained for Navy families, followed by redevelopment for other appropriate uses as desired. Under this lease, the Master Developer will be responsible for tenant occupancy management and all repair and maintenance of the housing facilities during the period of Navy family use.

The Navy divestiture of housing at Iroquois Point and Puuloa will occur over a short period after the Master Development Agreement and Lease are executed. Initially, at the time that the housing areas are transferred under the lease, the Master Developer must operate a rental housing program covering all 1,463 houses which provides Navy families preferential rental rights. Under this preferential rental program, the Master Developer must offer the units for rent by Navy families on a voluntary agreement basis at rents no more than their Basic Allowance for Housing, less a reasonable amount for utilities.

Navy's requirement for a preferential rental program for the 543 housing units within IP -1 will end on September 30, 2003. After that time, the use of Parcel IP -1 may be converted to other uses by the Master Developer that are compatible with continued housing use by Navy families within the Puuloa housing area and Parcel IP -5.

Navy's requirement for a preferential rental program for the 350 units within the Puuloa housing areas will end on September 30, 2006. After that time, use of this property may be converted to other uses by the Master Developer that are compatible with continued housing use by Navy families within Parcel IP -5.

Navy's requirement for a preferential rental program for the 570 housing units within Parcel IP -5 will end on September 30, 2008. After that time, the Navy will no longer restrict the use of any of the housing parcels and they may be redeveloped for other purposes by the Master Developer upon receiving the prior written approval of the Navy.

The existing Iroquois Point Marina is operated by the Navy as a MWR facility. Plans are underway to expand the number of boat moorage slips from 55 to 142. However, Parcels IP -3 and IP -4 will be made available under a 65-year lease for further development by the Master Developer with the following restrictions and retained Navy interests:

The commercial marina shall provide existing Navy marina moorage users the opportunity to rent boat slips or moorage buoys under financial terms equal to or better than that currently provided by the Navy until September 30, 2005.

The commercial marina shall provide all Navy marina moorage users a minimum 10% discount off commercial rates for the period of the lease after September 30, 2005.

If the Master Developer is not interested in developing the lagoon as a commercial marina facility, the Navy will continue to operate the existing facility, and Parcels IP -3 and IP -4 will not be included in the lease.

After September 30, 2008, the Master Developer may redevelop all of the leased premises for other appropriate uses as desired. Such uses must be approved in advance by the Navy, and the Master Developer will be required to finance all NEPA environmental documentation required by the Navy for the proposed redevelopment. Upon completion of the NEPA process and Navy's approval for the proposal, the lease will be amended to document this approved new use of the premises. This approval process may begin immediately and be concluded prior to September 30, 2008.

The Navy is also receptive to receiving proposals for partial redevelopment of the leased premises earlier than September 30, 2008. During the initial period ending on September 30, 2008, there may be opportunities for partial redevelopment of some Iroquois Point (Parcel IP -1) and Puuloa housing land and of the separately leased marina lagoon and adjacent land (Parcels IP -3 and 4). This approval process may begin

immediately and partial redevelopment may occur prior to September 30, 2008 provided such redevelopment does not conflict with Navy's preferential rental housing program.

Parcel IP-6 (approximately 5 acres) is located adjacent to the Pearl Harbor entrance channel and has been maintained by the Navy as a passive-use area for residents of the nearby Navy housing areas. This property will be included in the 65-year lease for the Iroquois Point/Puuloa housing areas with a requirement that it continue to be used for passive activities such as outdoor recreation or park purposes by housing residents. Under the lease, the Navy will retain a right to secure Parcel IP-6 from public access at any time when it determines, in its sole judgment, that security concerns justify such closure of the area.

The 65-year lease will also contain provisions requiring the Master Developer to initiate, or allow Navy to initiate, various security measures concerning access to the shoreline and water areas during special heightened security periods. This might entail extra security checks at the vehicle entry gate or restrictions on ocean access.

SLIDE 30

PART IV, PROPERTY AT FORD ISLAND

In order to provide each developer with the greatest opportunity to optimize its development objectives, the Navy is offering two lease agreements of up to 65 years each for certain properties on Ford Island, not to exceed a collective total of 75 acres, for historic visitor and commercial ventures. The northern and southern areas shown on this slide as available for leasing total approximately 53 acres. Additional lands can also be proposed for lease as long as the total does not exceed 75 acres.

It is strongly encouraged that one of the leases provide facilities and services associated with historic visitor attractions. The purpose of the other lease may be for multi-use industrial commercial purposes and/or visitor industry uses. All of the southern area is available for use for a historic visitor attraction lease. The northern area is offered primarily for multi-use commercial/industrial purposes.

The historic airfield facilities north of the runway are available for adaptive re-uses. Proposed uses must preserve the historic nature and character, and facilitate the public display of these facilities as historic national assets. While the historic exterior appearance of these facilities must be maintained by the Master Developer, Master Developers may propose uses of interior building spaces for commercial or other purposes to be approved by the Navy. Development plans should take into account the continued operation of the nearby Navy Brig.

As part of the northern commercial development area; Piers F-9 and F-10, the adjacent waters, surrounding waterfront and nearby shoreside areas are available for future marina development. Marina customer use would be restricted to active duty and retired military and DoD civilian personnel, and other users with appropriate access clearance to Ford Island. The architectural theme for any new marina development

must be consistent with the nearby historic airfield buildings and other surrounding facilities. Navy's Programmatic Environmental Impact Statement does not address marina development at this location. Therefore, any project by the Master Developer to develop this area for marina purposes would require the preparation of a "tiered" environmental impact document for Navy's use at the Master Developer's expense.

Portions of the southern area have the potential to be developed as a historic visitor attraction or other visitor destination, but other proposed uses will be considered. Former hangars, airplane storage aprons, and the control tower area could be potentially developed as a historic military aviation-related attraction. The Navy encourages use of these facilities for this proposed historic visitor attraction development, or for similar historic visitor attraction purposes.

Under a ship donation contract and three-year lease with the Navy, the Missouri Memorial Association (MMA) currently moors the ex-USS Missouri at the F-5 pier on Ford Island, a Navy operational asset. Under these agreements, use of the F-5 pier is permitted only for an interim period and MMA is required to relocate the ship to a long term mooring location at its expense. Two sites have been identified for this long-term moorage. The F-2/F-3 site was proposed by MMA in its business plan submittal to the Navy in support for the donation decision. The "seaplane ramp site" is a recently identified alternative location. The Navy does not object to use of either site, but a final agreement with MMA has not yet been negotiated. The Master Development Plan should recognize the likelihood of long term occupancy of the ex-USS Missouri at one of the two sites. The plan should be prepared to accommodate visitor access to the ship from transportation drop-off locations on Ford Island. The Master Developer may elect to enter into an independent business arrangement with the MMA in conjunction with its proposed historic and/or commercial development venture(s). The Navy encourages such joint business arrangements in order to manage transportation services better between Halawa Landing and Ford Island and to provide visitors a coordinated experience visiting different historic military attractions both at Halawa Landing and on Ford Island. Navy encourages prospective lessees of the Ford Island visitor attraction site to work with the MMA to develop a coordinated visitor experience on Ford Island and to facilitate the move of the ex-USS Missouri from its current location to a permanent moorage site on Ford Island.

The Randolph-Sheppard Act, 20 U.S.C. Section 107, authorizes the operation of vending facilities on federal property by blind persons. The Master Developer must provide finished retail and storage space within any commercial development associated with visitor attractions for the operation of a vending facility by blind vendors.

SLIDE 31

PART IV, PROPERTY AT HALAWA LANDING

The 6.6 acre Halawa Landing parcel is available as a support facility for a visitor attraction lease on Ford Island, for such purposes as parking, visitor information, and transportation management.

Much of this area is currently being used for visitor parking for the USS Arizona Memorial, ex-USS Bowfin Submarine Museum, and the ex-USS Missouri Battleship. The area also serves as a staging area for the ex-USS Missouri shuttle bus service. The only structure on the property that needs to be retained by the Navy is an enclosed sewage pump station. The USS Arizona Memorial, together with the historic Bowfin submarine and the battleship Missouri, forms a nucleus for a comprehensive visitor attraction focused on Navy's past, present and future role in the Pacific. Approximately 1.5 million visitors visit the USS Arizona Memorial each year. Lesser numbers of visitors visit the ex-USS Bowfin Submarine Museum and ex-USS Missouri each year.

Any development plan for this area must recognize the need for a combined public parking operation which serves all visitor attractions. Under existing agreements, the National Park Service controls its own nearby parking area, which is made available for free public use. The Pacific Fleet Submarine Memorial Association (PFSMA) leases a site used for display of the ex-USS Bowfin and a submarine museum. No specified parking is included in the Bowfin lease for use by their patrons. Instead, the existing parking in this area is Navy-controlled and made available for unrestricted free general public use. Visitors to the ex-USS Missouri also park in this area and are then transported by bus to Ford Island to visit the vessel. Any development plan for this area cannot restrict or deny parking lot use by visitors to these attractions.

SLIDE 32

PART V TECHNICAL REQUIREMENTS

RFP Part V provides technical requirements applicable to both construction and property support services. These are minimum requirements which must be met by the Master developer when performing either in-kind consideration construction or in-kind consideration property support. Specific requirements are detailed in the RFP.

SLIDE 33

RFP ANNEXES

Five RFP annexes include documents that are related to, or will become part of, the Master Development Agreement. I'll now discuss each Annex separately.

SLIDE 34

ANNEX A

Annex A is a contract for preparation and delivery of the Master Development Plan. Each Master Developer invited to submit a Phase II proposal will be awarded a \$325,000 contract in the Annex A format. The Navy will obtain unlimited rights to the use, reproduction and distribution of the information included in each plan. The Master Development Plan will be submitted as Volume III of the Phase II proposal, and the

successful Master Developer's Master Development Plan, as may be amended during exclusive negotiations, will be incorporated into the Master Development Agreement.

SLIDE 35

ANNEX B

Next is Annex B. This is a draft format for the In-Kind Consideration for Property Support Services Agreement that is intended to be incorporated into the MDA. The Navy desires to obtain up to \$1,000,000 annually of property support services from the Master Developer as in-kind consideration. Basic monthly service requirements have been established for grounds, roads and other paved surfaces, and are to be priced using firm-fixed monthly prices. Indefinite quantity provisions have been established for obtaining additional grounds, roads, paved surface and facility maintenance, alteration and repair. The agreement is expected to cover an initial ten year period, with annual extensions thereafter subject to mutual agreement of the parties.

SLIDE 36

ANNEX C

Annex C is a draft format for the In-Kind Consideration for Construction Agreement that is also intended to be incorporated into the MDA. The Navy desires to obtain construction, including design, of Navy projects on Ford Island as in-kind consideration. An initial listing of the desired projects, as provided in RFP Attachment 2, is shown on this slide. The start and finish dates shown here are from the Navy's conceptual example. Total contract costs are the Navy's Design/Build to Budget estimates. The construction agreement will be effective for the entire life of the MDA. Specific projects to be constructed during the initial build-out, as well as values and completion schedules, will be based on the successful Master Developer's proposal, and identified in MDA. Subsequent projects may be added during the life of the MDA by written agreement of the parties.

SLIDE 37

ANNEX D

Annex D is a draft format for the Master Development Agreement. The purpose of the MDA is to define Navy and Master Developer commitments to:

Award subordinate independent property support services, construction and real estate agreements;

Follow the Ford Island Master Development Plan during the build-out; and,
Define a sixty-five year business relationship.

The MDA will incorporate the Master Development Plan, in-kind consideration property support services and construction agreements and all individual real estate agreements. The MDA will incorporate both the RFP and the successful Master

Developer's proposal by reference. Various portions of the successful Master Developer's proposal, including property offer sheets, schedules and in-kind consideration proposals, Forms D-1 through D-7, and the Housing Operating, Management and Maintenance Plan will also be attached to the MDA. Since the MDA must reflect the Master Developer's proposal, the content of the MDA will be finalized during exclusive negotiations with the successful Master Developer.

SLIDE 38 ANNEX E

Finally, RFP Annex E contains the Service Contract Act Wage Determination, and the Davis-Bacon Act General Decision applicable to in-kind service and construction work. Appropriate wage determinations and decisions will be incorporated into the property support services and construction agreements.

The next slide depicts an organizational summary of the RFP appendices and their relationship to the eventual MDA.

SLIDE 39 ORGANIZATION OF AGREEMENTS

RFP Annexes A, B, C and D will, as a result of the successful Master Developer's proposal, take on new identities as we execute a Master Development Agreement. RFP Annex D will become the stand-alone MDA. RFP Annex A will become the contract for preparation of the Master Development Plan, and the Plan itself will become Appendix A of the MDA. RFP Annexes B and C will become MDA Appendices B and C respectively, and they will incorporate the labor provisions of RFP Annex E. The various Real Estate Agreements, examples of which are found in RFP Attachments 25 and 26, will form Appendix D of the MDA.

Linda Yoneshige will now cover the final points of this morning's presentation.

SLIDE 40 MAJOR MILESTONES

Thank you Mike. We are almost done. Now let me spend a couple of minutes on the Major Milestones for this RFP. As mentioned, we had the Preliminary Information Meeting back in September, the RFP has been issued, the Pre-Proposal Conference is today. So the next major mark is July 3rd when Phase I proposals are due. Hopefully, we can evaluate your proposals rapidly, yet thoroughly, so we can select the Master Developers Most Qualified to proceed to Phase II and award the Master Development Plan contracts prior to August 28, 2001. Following that, the next major mark will be when Phase II proposals are due on December 28, 2001, then after Evaluation/Selection/Negotiation and Notification to Congress, the last major mark is executing the Master Development Agreement in November of 2002!

SLIDE 41

DOS AND DON'TS

Here are a few do's and don'ts in response to this RFP.

- Do strictly follow the RFP Instructions
- Do submit the number of copies in the format, volume, number of pages as specified
- Do submit your Questions through the Question Form process
- Do register on ESOL
- Do continue to monitor the PACDIV Website and ESOL for information
- Do submit your Proposals on time
- Do be Conscious of FAR Provisions and Clauses
- Don't Hesitate to Ask Questions

SLIDE 42

CONTACT INFORMATION

Thank you for your attendance at our Pre-Proposal Conference for the Ford Island Master Development Agreement RFP this morning. We appreciate your interest and participation in this project.

We will now break for lunch; I will meet those interested in a tour of Buildings 26, 26A, and 39 in front of Building 26 at 1:00. For those interested, please sign up at the registration table so I know how many people to expect. A map is including in your packet. For those interested in visiting the Waikale properties tomorrow, please sign up at the registration table.